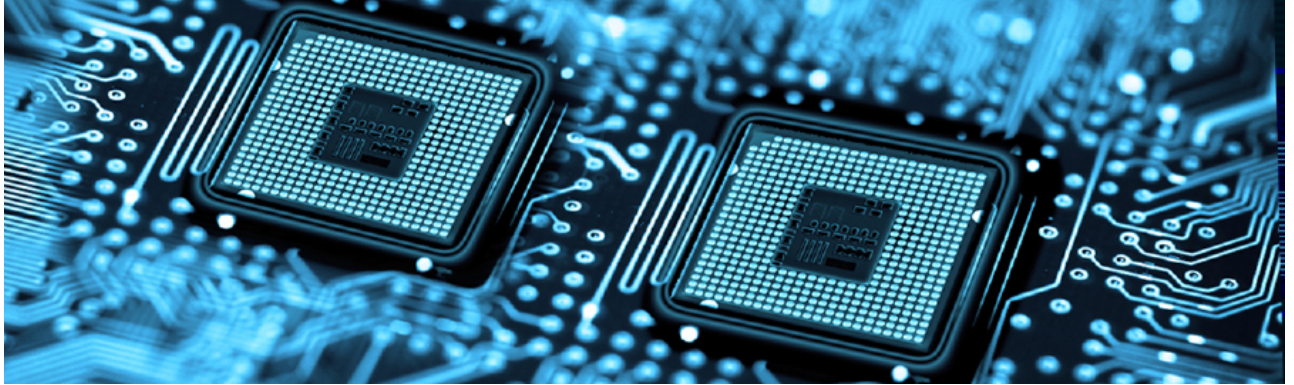


MADISON



A WORLDWIDE SPECIALTY MANUFACTURING CONGLOMERATE

ABOUT THE CLIENT

This United States arm of a worldwide specialty manufacturing conglomerate employed over 60,000 employees across 12 independent divisions. It operated in sectors as diverse as medical technology, power transmission and industrial automation. But while its autonomous business structure allowed it to move with speed and agility in the marketplace, that construct also meant that its employee reward programs were not as connected to the company's overall strategy and vision as they should have been.

CHALLENGE

The company was committed to employee recognition conceptually but each business unit had its own approach. The inconsistencies resulted in a wasteful duplication of expenses. Worse, the decentralized structure prevented the company from properly tracking or leveraging its recognition resources against strategic imperatives.

The company needed help in two areas. It required a configurable platform that was flexible enough to accommodate the needs and wants of various recognition leaders across the enterprise, many of whom had legacy systems in place. But first it required a partner who could make the case of consolidation and build a consensus toward a singular approach that would impact dozens of stakeholders. They found both in Madison.

SOLUTION

We worked directly with the Director of Compensation along with key business unit executives in HR and Finance to identify and evaluate core practices and shared procedures common across each business. We quickly found that different programs rewarded against differently defined behaviors that spoke to similar outcomes. We counseled the client to consolidate the spectrum of rewardable actions into recognizable behaviors that aligned to company's shared values; like being responsible, demonstrating excellence in execution and/or being innovative in one's thinking.

The company needed a technical tool that could both accommodate and embrace a wide range of program nuances while also simplifying the mechanics of recognizing employees. We identified the

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SOLUTION (CONTINUED)

range of flexibility each business unit would need and we proposed and structured system functionality designed to streamline the user experience across a complex range of recognition scenarios.

With an eye toward user expediency, Madison automated each facet of the recognition giving and tracking experiences. Employee eligibility, approval processing, budgetary accounting and notifications were all seamlessly adjudicated. But beyond mere convenience we also designed the solution with three other C's in mind; compliance, control, and consistency across the company.

We then positioned the program as an extension of the external brand and linked its theme, look and meaning to a new global marketing campaign that promised a corporate value proposition that was essentially people driven.

RESULTS

The initiative was successful in its quest to motivate, unite, and engage a diverse workforce in an efficient manner. It is now so accepted within the culture it has become part of the company's vernacular. It has succeeded in bringing complete consistency to once contrasting approaches. It has been credited in giving each Human Resource team better insight into—and oversight of—the eligibility, nomination, approval and reward issuance processes that once ran unchecked. It has also helped Finance executives track and monitor reward spending against budgetary and tax compliances

The program continues to return significant savings and material returns to its corporate level sponsor's year in and year out. Since inception it has:

1. Reduced recognition operating expenses by an estimated \$500,000 per year
2. Eliminated compliance and tracking expenses completely
3. Driven engagement scores up by 600 BPs (basis points)
4. Reduced voluntary turnover by 5% per year saving the company over \$29.5M in preventable workforce attrition costs annually.
5. Recently the client leveraged the tool by adding its Service Anniversary to the platform. Early results indicate a 25% savings in fixed costs along with an early 75% jump in employee satisfaction scores for the revamped approach.